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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Introduce Ordinance Repealing and Reenacting LMC §13.04.130 and Establishing Low Income Discounts for Water, Sewer and Refuse Services and Adopt Resolution Establishing Discounts

MEETING DATE: August 4, 2004

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council introduce an ordinance repealing and reenacting LMC §13.04.130 establishing low income discounts for water, sewer and refuse services and adopt a resolution establishing discounts.

BACKGROUND INFORMATION: In discussion on water and wastewater rates, the subject of providing a meaningful discount for low income residents was brought up. Staff is recommending a change in the City's current discount program as described below.

Currently, the Lodi Municipal Code contains the following section:

13.04.130 Low income adjustments.

The rates for residential water, sewer and refuse collection service as they now exist or may hereafter be modified under this chapter, shall be reduced by ten percent (exclusive of surcharges, if any) for those residential accounts in the names of person otherwise eligible for Supplemental Security Income (SSI), or State Supplement Payments (SSP), as determined by the Social Security Administration, which shall have sole discretion in determining such eligibility. Proof of eligibility may be required by the city to qualify for the rate adjustments provided herein. (Ord. 1445 § 1, 1989)

In addition, the City has various electric and refuse programs, as summarized on Exhibit A. Note that the refuse discount was actually far greater than 10% due to the way past rate increases were handled; however, the rates adopted on April 27, 2004, eliminated that separate rate category. Customers in that rate category are being given the SSI/SSP 10% discount.

There are about 1,300 customers receiving electric discounts, almost 900 receiving refuse discounts and about 300 receiving water/wastewater discounts. The actual number of customers on these discount programs varies due to both different eligibility criteria and the fact that not all customers pay each of these bills. For example, a landlord might pay water and sewer and the tenant pays refuse and electric.

This recommendation is based on the fundamental concept that the City should have one set of eligibility criteria for its discount programs, although the amount of the discount may vary among the utilities; and, they would be set by resolution. This will allow one administrative process for approval rather than two or three.

The text of the proposed ordinance is as follows:

APPROVED:

A handwritten signature in black ink, appearing to read "H. Dixon Flynn".
H. Dixon Flynn, City Manager

13.04.130 Low income adjustments.

The rates for residential water, sewer and refuse collection service as they now exist or may hereafter be modified under this chapter, shall be reduced as established by resolution for those residential accounts in the names of persons meeting the eligibility criteria for applicable electric service discounts as provided in this Title. Proof of eligibility will be required by the city to qualify for the rate adjustments provided herein.

A draft of the implementing resolution is attached, with the recommended discounts. The annual cost to the utilities, making various assumptions as to how many customers will seek the discounts is shown below.

Assumptions

- 95% of existing SHARE program customers would receive the discounts. This accounts for residential units in which the landlord pays the utility bill. No change is proposed to the eligibility criteria, so we have not assumed an increase in the number of SHARE customers.
- 100% of existing Senior/Fixed Income program customers will receive the discounts.
- Same mix of billing classifications as current customers.
- The discount percentages as recommended:

	<u>SHARE</u>	<u>Sr./Fixed Income</u>
Refuse	30%	10%
Water	20%	10%
Wastewater	20%	10%

Costs (Revenue Loss)

- "Cost" (actually a loss in revenue) is shown below. This is the total less estimated cost of existing program (annual).

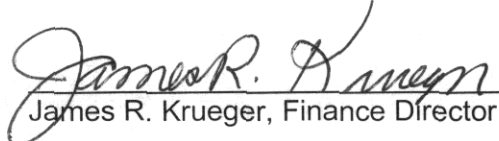
	<u>SHARE</u>	<u>Sr./Fixed Income</u>
Refuse	\$ 7,930	\$ 2,800
Water	\$ 60,300	\$ 3,300
Wastewater	\$ 46,700	\$ 2,500


- The equivalent "cost" to other rate payers in terms of lost revenue is approximately 8 to 27 cents per month.

Staff also notes that Central Valley Waste Services has reviewed the proposed discounts and has sent a letter stating their concurrence (see attached).

The ongoing verification of eligibility will be handled by the Finance Department, generally on an annual basis, depending on the circumstances under which a customer qualifies.

FUNDING: Administration costs would be borne by the Electric, Water and Wastewater funds and revenue loss would occur in each of the four revenue funds.


James R. Krueger, Finance Director


Richard C. Prima, Jr.
Public Works Director

RCP/pmf
Attachments
cc: Alan Vallow, Electric Utility Director
Jim Krueger, Finance Director

Exhibit A

Refuse Rate Reduction Program

Residential customers may apply for a reduction in their rate due to personal economic hardship. The rate reduction is actually a set rate depending on the size of the cart. 20-gallon carts are currently at a rate of \$8.24 and the 38-gallon cart at \$10.30. The criteria for this program is proof of income that meets the following guidelines:

One person in household \$12,000/year

Each additional person add \$2,000/year

Once application is approved there is no follow-up procedure to verify continued eligibility.

SHARE Program

This program allows residential customers to apply for a discount of 20% on their monthly utility bill. The criteria for this program is proof of income that meets the following guidelines:

<u>Number of Persons in Household</u>	<u>Maximum Annual Household Income</u>
1-2	\$22,000
3	\$25,900
4	\$31,100
Each additional member	\$5,200

Once the application is approved, it is up to the applicant to notify the Finance Department within 30 days of becoming ineligible for the program.

SSI & SSP Recipient Discount Program

If a resident receives SSI or SSP, they may be eligible for a 10% discount on Water, Sewer and Refuse rates. Once the application is filled out, the Finance Department will send the form to the Social Security Administration to verify eligibility. Once approved, there is no follow-up procedure to verify continued eligibility.

Senior Fixed Income Program

This program allows for residential customers over the age of 62 with a maximum household income of \$45,000 to apply for a 5% discount on their monthly electric bill.

SHARE Program Discounts

Utility	# of Customers w/discount	Old Rates	Old Discount	Total Annual Revenue Loss	New rates (May 2004)	Proposed Discount	Proposed Discounted Rate	Estimated # of Eligible Customers	Est. Revenue Loss w/ New Discount Shown	Net Increase in Revenue Loss	Total Utility Revenue, Old	Total % Loss, New Total % Loss	Approximate Amount on New Rate
			Rate										
Refuse													
(38 gallon)	580	\$19.12	\$10.30	\$61,387.20	\$19.64	30%	\$13.75	918	\$64,906.27		\$ 7,021,800		\$0.23
(20 gallon)	<u>233</u>	\$13.01	\$8.24	<u>\$13,336.92</u>	\$13.36	30%	\$9.35	369	<u>\$17,747.42</u>			1.1%	\$0.16
	813			Subtotal: \$74,724.12				Subtotal:	\$82,653.70	\$7,929.58		1.2%	
Water													
				10% (not incl. infrastructure repl. chg.)			20% (on total charge)						
apartment, 1 bedroom	78	\$11.60	\$10.86	\$694.51	\$15.66		\$12.53	338	\$12,703.39				\$0.13
apartment, 2 bedroom	48	\$13.91	\$13.02	\$512.64	\$18.78		\$15.02	208	\$9,374.98				\$0.16
apartment, 3 bedroom	2	\$16.69	\$15.62	\$25.63	\$22.53		\$18.02	9	\$486.65				\$0.19
house, 1 bedroom	22	\$13.51	\$12.65	\$228.36	\$18.24		\$14.59	95	\$4,158.72				\$0.15
house, 2 bedroom	75	\$16.22	\$15.18	\$934.20	\$21.90		\$17.52	325	\$17,082.00	Old:	\$5,682,845		\$0.18
house, 3 bedroom	66	\$19.45	\$18.21	\$986.04	\$26.26		\$21.01	286	\$18,024.86			0.1%	\$0.22
house, 4 bedroom	<u>6</u>	\$23.36	\$21.87	<u>\$107.64</u>	\$31.54		\$25.23	26	<u>\$1,968.10</u>	New:	\$7,663,316		\$0.26
	297			Subtotal: \$3,489.02				Subtotal:	\$63,798.70	\$60,309.67		0.8%	
Wastewater													
				10% (not incl. infrastructure repl. chg.)			20% (on total charge)						
house, 1 bedroom	100	\$9.73	\$9.20	\$640.80	\$12.16		\$9.73	433	\$12,636.67				\$0.08
house, 2 bedroom	123	\$12.97	\$12.26	\$1,050.91	\$16.21		\$12.97	533	\$20,735.83	Old:	\$6,079,083		\$0.10
house, 3 bedroom	68	\$16.21	\$15.32	\$726.24	\$20.27		\$16.22	295	\$14,351.16			0.0%	\$0.13
house, 4 bedroom	<u>6</u>	\$19.46	\$17.93	\$110.02	\$24.32		\$19.46	26	<u>\$1,517.57</u>	New:	\$7,615,375		\$0.16
	297			Subtotal: \$2,527.97				Subtotal:	\$49,241.23	\$46,713.26		0.6%	

Notes:

*Out of the 1355 Electric(SHARE Program) discounts, 209 also have water discounts and 211 have wastewater discounts

Assuming all but 5% of existing SHARE Customers will receive discount

1355 95% 1287

Senior/Fixed Income Program Discounts

<u>Utility</u>	<u># of Customers w/discrim*</u>	<u>Old Rates</u>	<u>Old Discount Rate</u>	<u>Total Annual Revenue Loss</u>	<u>New rates (May 2004)</u>	<u>Proposed Discount</u>	<u>Proposed Discounted Rate</u>	<u>Estimated # of Eligible Customers</u>	<u>Est. Revenue Loss w/ New Discount Shown</u>	<u>Net Increase in Revenue Loss</u>	<u>Total Utility Revenue, Old</u>		<u>Approximate Amount on New Rate</u>
											<u>Total % Loss, New Total % Loss</u>	<u>Total % Loss, New Total % Loss</u>	
Refuse													
(38 gallon)	0	\$19.12	\$10.30	\$0.00	\$19.64	10%	\$17.68	93	\$2,191.82		\$	7,021,800	\$0.01
(20 gallon)	0	\$13.01	\$8.24	\$0.00	\$13.36	10%	\$12.02	37	\$593.18			0.0%	\$0.01
	0		Subtotal:	\$0.00				Subtotal:	\$2,785.01	\$2,785.01		0.0%	
Water													
					0% (not incl. infrastructure repl. chg.)		10% (on total charge)						
apartment, 1 bedroom	0	\$11.60	\$11.60	\$0.00	\$15.66		\$14.09	34	\$638.93				\$0.01
apartment, 2 bedroom	0	\$13.91	\$13.91	\$0.00	\$18.78		\$16.90	21	\$473.26				\$0.01
apartment, 3 bedroom	0	\$16.69	\$16.69	\$0.00	\$22.53		\$20.28	1	\$27.04				\$0.01
house, 1 bedroom	0	\$13.51	\$13.51	\$0.00	\$18.24		\$16.42	10	\$218.88				\$0.01
house, 2 bedroom	0	\$16.22	\$16.22	\$0.00	\$21.90		\$19.71	33	\$867.24	Old:	\$5,682,845		\$0.01
house, 3 bedroom	0	\$19.45	\$19.45	\$0.00	\$26.26		\$23.63	29	\$913.85		0.0%		\$0.01
house, 4 bedroom	0	\$23.36	\$23.36	\$0.00	\$31.54		\$28.39	3	\$113.54	New:	\$7,663,316		\$0.01
	0		Subtotal:	\$0.00				Subtotal:	\$3,252.73	\$3,252.73		0.0%	
Wastewater													
					0% (not incl. infrastructure repl. chg.)		10% (on total charge)						
house, 1 bedroom	0	\$9.73	\$9.73	\$0.00	\$12.16		\$10.94	44	\$642.05				\$0.00
house, 2 bedroom	0	\$12.97	\$12.97	\$0.00	\$16.21		\$14.59	54	\$1,050.41	Old:	\$6,079,083		\$0.01
house, 3 bedroom	0	\$16.21	\$16.21	\$0.00	\$20.27		\$18.24	30	\$729.72		0.0%		\$0.01
house, 4 bedroom	0	\$19.46	\$19.46	\$0.00	\$24.32		\$21.89	3	\$87.55	New:	\$7,615,375		\$0.01
	0		Subtotal:	\$0.00				Subtotal:	\$2,509.73	\$2,509.73		0.0%	

Notes:

*130 existing Electric Sr./Fixed Income customers; proposed new program for these utilities.

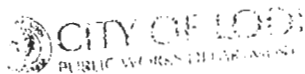
Assuming all existing electric Sr./Fixed income customers will receive discount

130 100% 130



RECEIVED

MAY 17 2004



May 14, 2004

Central Valley Waste Services, Inc.
A WASTE MANAGEMENT COMPANY

1333 E. Turner Road
P.O. Box 241001
Lodi, California 95241-9501
(209) 369-8274
(209) 369-6894 Fax

Mr. Richard C. Prima, Jr.
Public Works Director
City of Lodi – Public Works Department
221 West Pine Street
Post Office Box 3006
Lodi, CA 95241-1910

Re: Utility Discounts

Dear Mr. Prima

Thank you for the information and discussion regarding Staff's proposal to the Lodi City Council on the Utility Discounts.

Central Valley Waste Services supports Staff's proposal regarding the 30% Share Program Discount and the 10% Senior/Fixed Income Program Discount.

If you have questions please call me at (209) 333-5611.

Sincerely

Luana A. Pinasco
District Manager
Central Valley Waste Services

cc.: Mr. Alex Oseguera, Sacramento Market Area Manager/WMI

ORDINANCE NO. 1750

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LODI
AMENDING CHAPTER 13.04 OF THE LODI MUNICIPAL CODE BY
REPEALING AND REENACTING SECTION 13.04.130, RELATING TO
LOW-INCOME ADJUSTMENTS

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LODI AS FOLLOWS:

SECTION 1. Chapter 13.04 – “Service Generally” - is hereby amended by repealing and reenacting §13.04.130, relating to low-income adjustments to read as follows:

13.04.130 Low Income Adjustments.

The rates for residential water, sewer, and refuse collection service as they now exist or may hereafter be modified under this chapter, shall be reduced as established by resolution for those residential accounts in the names of persons meeting the eligibility criteria for applicable electric service discounts as provided in this Title. Proof of eligibility will be required by the city to qualify for the rate adjustments provided herein.

SECTION 2. This ordinance is adopted under Government Code §36934 based on health, safety, and welfare considerations arising from: (1) the City of Lodi’s consideration of increased utility rates if adopted take effect prior to the City’s ability to institute the low-income discounts considered herein; (2) If the increases are adopted prior to institution of the discounts, Lodi’s low-income community may suffer financial hardship or inability to afford critical health and sanitary services.

SECTION 3. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 4. This ordinance shall be published one time in the “Lodi News-Sentinel,” a daily newspaper of general circulation printed and published in the City of Lodi and shall be in force and take effect immediately after its passage and approval.

Approved this ____ day of _____, 2004

LARRY D. HANSEN
Mayor

Attest:

SUSAN J. BLACKSTON
City Clerk

=====
State of California
County of San Joaquin, ss.

I, Susan J. Blackston, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1750 was introduced at a regular meeting of the City Council of the City of Lodi held August 4, 2004, and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held _____, 2004, by the following vote:

AYES: COUNCIL MEMBERS –

NOES; COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

I further certify that Ordinance No. 1750 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

SUSAN J. BLACKSTON
City Clerk

Approved as to Form:

D. STEPHEN SCHWABAUER
City Attorney

RESOLUTION NO. 2004-158

A RESOLUTION OF THE LODI CITY COUNCIL
ESTABLISHING LOW-INCOME DISCOUNTS FOR
WATER, SEWER, AND REFUSE SERVICES

WHEREAS, with the implementation of new water, sewer, and refuse rates and charges adopted April 27, 2004, the Lodi City Council has now introduced Ordinance No. 1750 amending Lodi Municipal Code Chapter 13.04, §13.04.130, "Low Income Adjustments," at its August 4, 2004, City Council meeting; and

WHEREAS, the City Council now desires to adopt a resolution establishing discounts for eligible low-income residents.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve and establish low-income discounts for water, sewer, and refuse services as shown below, which shall become effective the first billing period following the effective date of Ordinance:

For Residential Customers who qualify for the Electric SHARE Program discount:

Water	20%	Discount on the Residential Flat Rate
Wastewater	20%	Discount on the Residential Flat Rate for Disposal to the Domestic System
Refuse	30%	Discount for Cart Service Categories 1, 2, 3, 4, and 5

OR,

For Residential Customers who qualify for the Electric Senior/Fixed-Income discount:


Water	10%	Discount on the Residential Flat Rate
Wastewater	10%	Discount on the Residential Flat Rate for Disposal to the Domestic System
Refuse	10%	Discount for Cart Service Categories 1, 2, 3, 4, and 5

BE IT FURTHER RESOLVED that the City Council does hereby direct staff to institute a verification program whereby every three years 10% of 1/3 of the applicants' eligibility is re-confirmed.

Dated: August 4, 2004

I hereby certify that Resolution No. 2004-158 was passed and adopted by the City Council of the City of Lodi at its regular meeting held August 4, 2004, by the following vote:

AYES:	COUNCIL MEMBERS – Hitchcock, Land, and Mayor Hansen
NOES:	COUNCIL MEMBERS – Beckman and Howard
ABSENT:	COUNCIL MEMBERS – None
ABSTAIN:	COUNCIL MEMBERS – None


SUSAN J. BLACKSTON
City Clerk